



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31 , 2005
OF THE CONDITION AND AFFAIRS OF THE

Narragansett Bay Insurance Co.

NAIC Group Code 0497, 0497 NAIC Company Code 43001 Employer's ID Number 05-0394576
(Current Period) (Prior Period)

Organized under the Laws of RHODE ISLAND, State of Domicile or Port of Entry Rhode Island

Country of Domicile US

Incorporated / Organized June 10, 1981 Commenced Business April 1, 1982

Statutory Home Office 25 Maple Street, Pawtucket, Rhode Island 02860-2104
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 25 Maple Street, Pawtucket, Rhode Island 02860-2104 401-725-5600
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address P. O. Box 820, Pawtucket, Rhode Island 02862-0820
(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 25 Maple Street, Pawtucket, Rhode Island 02860-2104
(Street and Number, City or Town, State and Zip Code)
401-725-5600
(Area Code) (Telephone Number)

Internet Website Address N/A

Statutory Statement Contact Wayne Alan Wunschel 401-725-5600 ext 228
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(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

- 1. Stewart Horner Steffey, Jr# (Chief Executive Officer)
- 2. Geoffrey Eugene Hunt# (Executive Vice President & Treasurer)
- 3. Albert Joseph Pereira# (President & Chief Underwriting Officer)
- 4. Stephen Douglas Zubiago# (Secretary)

OTHER OFFICERS

Patrick Storm Wilmerding# (Vice President)
Raymond Lawrence Deschene# (Vice President)
Paul William Liberty# (Vice President)
Linda Taylor Provost# (Vice President)
Vincent Louis DelNero# (Vice President & CFO)
Wayne Alan Wunschel# (Controller & Asst. Treasurer)

DIRECTORS OR TRUSTEES

Stewart Horner Steffey, Jr. #
Howard Craig Trieber#
Geoffrey Eugene Hunt#
Patrick Storm Wilmerding#

State of North Dakota }
County of Providence } SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Stephen Douglas Zubiago# Geoffrey Eugene Hunt# Albert Joseph Pereira#
Secretary Executive Vice President & Treasurer President & Chief Underwriting Officer

Subscribed and sworn to before me this 1st day of March, 2006
a. Is this an original filing? Yes (X) No ()
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D)				
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 3,505,238, Schedule E - Part 1), cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$, Schedule DA)	3,505,238		3,505,238	
6. Contract loans (including \$ premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Line 1 through Line 9)	3,505,238		3,505,238	
11. Title plants less \$ charged off (for Title insurers only)				
12. Investment income due and accrued				
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection				
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				
22. Health care (\$) and other amounts receivable				
23. Aggregate write-ins for other than invested assets				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	3,505,238		3,505,238	
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. TOTALS (Line 24 and Line 25)	3,505,238		3,505,238	
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)				

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Narragansett Bay Insurance Co.

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)		
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Columnn 6)		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Payable for securities		
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ and interest thereon \$		
23. Aggregate write-ins for liabilities		
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23)		
25. Protected cell liabilities		
26. Total liabilities (Line 24 and Line 25)		
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	3,500,000	
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus		
33. Unassigned funds (surplus)	5,238	
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		
34.2 shares preferred (value included in Line 29 \$)		
35. Surplus as regards policyholders (Line 27 to Line 33, less Line 34) (Page 4, Line 39)	3,505,238	
36. Totals (Page 2, Line 26, Column 3)	3,505,238	
DETAILS OF WRITE-INS		
2301.		
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)		
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)		

STATEMENT OF INCOME

UNDERWRITING INCOME	1	2
	Current Year	Prior Year
1. Premiums earned (Part 1, Line 34, Column 4)		
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)		
3. Loss expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)		
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Line 2 through Line 5)		
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)		
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	5,238	
10. Net realized capital gains (losses) less capital gains tax of \$ (Exhibit of Capital Gains (Losses))		
11. Net investment gain (loss) (Line 9 plus Line 10)	5,238	
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$,amount charged off \$)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income		
15. Total other income (Line 12 through Line 14)		
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	5,238	
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	5,238	
19. Federal and foreign income taxes incurred		
20. Net income (Line 18 minus Line 19) (to Line 22)	5,238	
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)		
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	5,238	
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$		
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Column 3)		
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in	3,500,000	
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Line 34.1 and Line 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37)	3,505,238	
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	3,505,238	
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)		
1401.		
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)		
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)		

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance		
2. Net investment income	5,238	
3. Miscellaneous income		
4. Total (Line 1 through Line 3)	5,238	
5. Benefit and loss related payments		
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions		
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)		
10. Total (Line 5 through Line 9)		
11. Net cash from operations (Line 4 minus Line 10)	5,238	
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)		
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)		
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	3,500,000	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)		
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	3,500,000	
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	3,505,238	
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of period		
19.2 End of year (Line 18 plus Line 19.1)	3,505,238	
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

Page 6

Underwriting and Investment Exhibit , Part 1
NONE

Page 7

Underwriting and Investment Exhibit , Part 1A
NONE

Page 8

Underwriting and Investment Exhibit , Part 1B
NONE

Page 9

Underwriting and Investment Exhibit , Part 2
NONE

Page 10

Underwriting and Investment Exhibit , Part 2A
NONE

Page 11

Underwriting and Investment Exhibit , Part 3
NONE

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U. S. Government bonds	(a)	
1.1 Bonds exempt from U. S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 5,238	5,238
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	5,238	5,238
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Totals deductions (Line 11 through Line 15)		
17. Net investment income (Line 10 minus Line 16)		5,238
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		
(a) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(f) Includes \$ accrual of discount less \$ amortization of premium.	
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.	(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(h) Includes \$ interest on surplus notes and \$ interest on capital notes.	
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.	(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.	
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1. U. S. Government bonds				
1.1 Bonds exempt from U. S. tax				
1.2 Other bonds (unaffiliated)				
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)				
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)				
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)				

Page 13

Exhibit 9 , Analysis of Nonadmitted Assets and Related Items

NONE

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Narragansett Bay Insurance Company in Rehabilitation are presented on the basis of accounting practices prescribed or permitted by the Rhode Island Insurance Department.

The Rhode Island Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Rhode Island for determining and reporting financial condition and results of operations of an insurance company, for determining its solvency under the Rhode Island Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Rhode Island.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business.

Expenses incurred in connection with acquiring new insurance business, including such acquisitions costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the company uses the following accounting policies:

- 1. Short-term investments are stated at amortized costs.
- 2. Bonds not backed by other loans are stated at amortized cost using the scientific interest method.
- 3. N/A
- 4. N/A
- 5. N/A
- 6. Loan-backed securities are stated at amortized cost. The retrospective amortization adjustment method is used to value all loan-backed securities.
- 7. N/A
- 8. N/A
- 9. N/A
- 10. N/A
- 11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- 12. The company has not modified its capitalization plicy from the prior period.

2. Accounting Changes and Corrections of Errors

N/A

3. Business Combinations and Goodwill

N/A

4. Discontinued Operations

N/A

5. Investments

- A. N/A
- B. N/A
- C. N/A
- D. Loan-Backed Securities
 - 1) All loan-backed securities were purchased after January 1, 1994
 - 2) Prepayment assumptions for mortgage-backed securities were obtained from the company's investment advisor.
 - 3) N/A

NOTES TO FINANCIAL STATEMENTS

E. Repurchase Agreements
For repurchase agreements the company requires a minimum of 100% of the fair value of securities purchased under repurchase agreements to be maintained as collateral.

6. Joint Ventures, Partnerships and Limited Liability Companies

N/A

7. Investment Income Excluded

No investment income due and accrued was excluded

8. Derivative Instruments

N/A

9. Income Taxes

A. The components of the net deferred tax asset (liability) at December 31 are as follows:

	<u>2005</u>	<u>2004</u>
1. Total of deferred tax assets	144,848	1,559,309
2. Total of deferred tax liabilities	-0-	(11,900)
3. Total of deferred tas assests nonadmitted	144,848	1,547,409
4. Total of all deferred tax assets admitted	-0-	-0-
5. Increase (decrease) in deferred tax assets nonadmitted	(1,402,561)	279,815

B. N/A

C. Current income taxes incurred consist of the following major components:

	<u>2005</u>	<u>2004</u>
Current year expense	-0-	-0-
Current income taxes incurred	-0-	-0-

The main components of deferred tax amounts are as follows:

<u>Deferred Tax Assets</u>	<u>12/31/05</u>	<u>12/31/04</u>
Loss Reserves	-0-	192,277
NOL carryforwards	144,848	1,253,560
Capital Loss carry forwards	-0-	57,551
All other	-0-	55,922
Total DTAs	144,848	1,559,309
DTAs nonadmitted	144,848	1,547,409

<u>Deferred Tax Liabilities</u>	<u>12/31/05</u>	<u>12/31/04</u>
Reserves-salvage & subro	-0-	11,900
Total DTAs	-0-	11,900
Net Admitted DTA's	-0-	-0-

The changes in net deferred taxes (exclusive of nonadmitted assets) are as follows:

	<u>12/31/05</u>	<u>12/31/04</u>	<u>Change</u>
Total deferred tax assets	144,848	1,559,309	(1,414,461)
Total deferred tax liabilities	-0-	11,900	(11,900)
Net deferred tax asset	144,848	1,547,409	(1,402,561)

D. Among the more significant book to tax adjustments were the following:

	<u>12/31/05</u>	<u>12/31/04</u>
Net DAC adjustment	-0-	(181,910)
Loss Reserves	(255,801)	30,924
All other	<u>19,257</u>	<u>7,984</u>
Total adjustments	(236,544)	(143,002)

E. At December 31, 2005 the company had \$426,024 of operating loss carryforwards originating in 2005 which expire, if unused, in 2025.

10. Information Concerning Parent, Subsidiaries and Affiliates

A, B and C.

Prior to December 7, 2005, the company was a 100% owned subsidiary of Pawtucket Mutual Insurance Company (now Pawtucket Insurance Company - NAIC #14931). On December 7, 2005, Pawtucket Insurance Company was purchased by Blackstone Financial Group, Inc. (BFG) and the ownership of the company was distributed to BFG, resulting in the company becoming a sister corporation of the Pawtucket Insurance Company. See Note 21 for further information.

NOTES TO FINANCIAL STATEMENTS

On December 7, 2005, the company was removed from rehabilitation status, and all assets and liabilities of the company, other than its insurance licenses, were transferred, by order of the Rhode Island Superior Court, to Pawtucket Insurance Company, leaving the company free of assets and liabilities.

In accordance with the above-noted transfer of asset and liabilities, all income statement activity of both Pawtucket Insurance Company and Narragansett Bay Insurance Company from January 1, 2005 through December 6, 2005 has been presented in the Annual Statement of Pawtucket Insurance Company.

- D. N/A
- E. N/A
- F. An expense sharing agreement, which will be effective as of January 1, 2006, is currently being drafted. The purpose of this agreement will be to establish written policies that present the methods of allocating expenses that benefit the members of the group. These allocation policies will be designed to be fair and equitable to all members.
- G. See Note 10 A.
- H. N/A
- I. N/A
- J. N/A

11. Debt

N/A

12. Retirement Plans, Deffered Compensation, Postemployment Benefits and Compensated Absences and Other Post Retirement Benefit Plans

N/A

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- 1. The company has 100,000 shares authorized and 12,400 shares issued and outstanding.
- 2. The company has no preferred stock outstanding.
- 3. The company may not pay dividends for a period of five years from December 7, 2005 without prior approval of the Rhode Island (state of domicile) Department of Business Regulation. Subsequently, the company may pay dividends without such approval except as required under Rhode Island law.
- 4. Within the limits of 3 above, there are no restrictions placed on the portion of profits that may be paid as ordinary dividends.
- 5. N/A
- 6. N/A
- 7. N/A
- 8. N/A
- 9. N/A
- 10. N/A
- 11. N/A
- 12. N/A

14. Contingencies

- A. None
- B. N/A
- C. None
- D. N/A

15. Leases

The company incurs no significant lease expense.

NOTES TO FINANCIAL STATEMENTS

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risks

N/A

17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

N/A

18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans.

N/A

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

N/A

20. September 11 Events

- 1. N/A
- 2. N/A
- 3. N/A
- 4. N/A

21. Other Items

On May 1, 2003, the Director of the Rhode Island Department of Business Regulation petitioned the Rhode Island Superior Court for Rehabilitation of Narragansett Bay Insurance Company. The petition was granted on May 1, 2003, and Director of the Rhode Island Department of Business Regulation was appointed Rehabilitator of Narragansett Bay Insurance Company.

On December 7, 2005, the company was removed from rehabilitation status, and all assets and liabilities of the company, other than its insurance licenses, were transferred, by order of the Rhode Island Superior Court, to Pawtucket Insurance Company leaving the company free of both assets and liabilities. Additionally, also by order of the Rhode Island Superior Court, any unasserted insurance claims for occurrences that took place prior to December 1, 1996, covered by either Pawtucket Mutual Insurance Company or Narragansett Bay Insurance Company, were forever barred as untimely.

In accordance with the above-noted transfer of asset and liabilities, all income statement activity of both Pawtucket Insurance Company and Narragansett Bay Insurance Company from January 1, 2005 through December 6, 2005 has been presented in the Annual Statement of Pawtucket Insurance Company.

22. Events Subsequent

N/A

23. Reinsurance

N/A - See Note 21

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

N/A

25. Changes in Incurred Losses and Loss Adjustment Expenses

N/A - See Note 21

26. Intercompany Pooling Arrangements

N/A

27. Structured Settlements

N/A

28. Healthcare Receivables

N/A

NOTES TO FINANCIAL STATEMENTS

29. Participating Policies

N/A

30. Premium Deficiency Reserves

N/A

31. High Deductibles

N/A

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

N/A

33. Asbestos/Environmental Reserves

A. N/A

B. N/A

C. N/A

D. N/A

E. N/A

F. N/A

34. Subscriber Savings Accounts

N/A

35. Multiple Peril Crop Insurance

N/A

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities				
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA				
1.512 Issued or guaranteed by FNMA and FHLMC				
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$ of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	3,505,238	100.000	3,505,238	100.000
9. Other invested assets				
10. Total invested assets	3,505,238	100.000	3,505,238	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes (X) No ()
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes (X) No () N/A ()
- 1.3

State Regulating?

Rhode Island
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes () No (X)
- 2.2

If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

.....
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/1999
- 3.2

State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/1995
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

12/31/1997
- 3.4

By what department or departments?
RI - See Note 21 - Notes to Financial Statements
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business?

Yes () No (X)
- 4.12

renewals?

Yes () No (X)
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business?

Yes () No (X)
- 4.22

renewals?

Yes () No (X)
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes (X) No ()
- 5.2

If yes, provide name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
See Note 21 - Notes to Financial Statements
.....
.....

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes () No (X)
- 6.2

If yes, give full information:
Certain licenses suspended in previuos reporting period at which time company was in rehabilitation
.....
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes () No (X)
- 7.2

If yes,

7.21

State the percentage of foreign control;

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g. individual, corporation, government, manager or attorney-in-fact).

..... %

1 Nationality	2 Type of Entity
.....
.....
.....

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes () No (X)
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes () No (X)
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Johnson Lambert & Co., 230 Half Mile Rd., Red Bank, NJ 07701
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Joel S. Chansky, Milliman, Inc., 289 Edgewater Dr., Wakefield, MA 01880
Consultant associated with an actuarial consulting firm.
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes () No (X)

11.11 Name of real estate holding company

11.12 Number of parcels involved

11.13 Total book/adjusted carrying value

\$
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located?

Yes () No ()

12.3 Have there been any changes made to any of the trust indentures during the year?

Yes () No ()

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes () No () N/A (X)

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes () No (X)
14. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes () No (X)
15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes () No (X)

FINANCIAL

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers

\$

16.12 To stockholders not officers

\$

16.13 Trustees, supreme or grand (Fraternal only)

\$
- 16.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers

\$

16.22 To stockholders not officers

\$

16.23 Trustees, supreme or grand (Fraternal only)

\$
- 17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes () No (X)
- 17.2 If yes, state the amount thereof at December 31 of the current year:

17.21 Rented from others

\$

17.22 Borrowed from others

\$

17.23 Leased from others

\$

17.24 Other

\$

Disclose in Notes to Financial Statements the nature of each obligation.
- 18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes () No (X)
- 18.2 If answer is yes:

18.21 Amount paid as losses or risk adjustment

\$

18.22 Amount paid as expenses

\$

18.23 Other amounts paid

\$
- 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes () No (X)
- 19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

GENERAL INTERROGATORIES

INVESTMENT

20.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes (X) No ()

20.2

If no, give full and complete information relating thereto:
.....
.....

21.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1)

Yes () No (X)

21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Loaned to others

\$

21.22

Subject to repurchase agreements

\$

21.23

Subject to reverse repurchase agreements

\$

21.24

Subject to dollar repurchase agreements

\$

21.25

Subject to reverse dollar repurchase agreements

\$

21.26

Pledged as collateral

\$

21.27

Placed under option agreements

\$

21.28

Letter stock or securities restricted as to sale

\$

21.29

Other

\$

21.3

For category (22.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....

22.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes () No (X)

22.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes () No () N/A (X)

23.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes () No (X)

23.2

If yes, state the amount thereof at December 31 of the current year.

\$

GENERAL INTERROGATORIES

INVESTMENT

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ()

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<div>1</div> <div>Name of Custodian (s)</div>	<div>2</div> <div>Custodian's Address</div>
Bank of America.....	100 Westminister St. , Providence, RI 02903.....
.....
.....

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>3</div> <div>Complete Explanation(s)</div>
.....
.....
.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes () No (X)

24.04 If yes, give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....
.....
.....

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>3</div> <div>Address</div>
.....
.....
.....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes () No (X)

25.2 If yes, complete the following schedule:

<div>1</div> <div>CUSIP#</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
.....
.....
.....
Line 25.2998 from Overflow page
Line 25.2999 TOTAL (9999999)

25.3 For each mutual fund listed in the table above, complete the following schedule:

<div>1</div> <div>Name of Mutual Fund (from above table)</div>	<div>2</div> <div>Name of Significant Holding of the Mutul Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
.....
.....
.....

GENERAL INTERROGATORIES

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value of statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds	\$	\$	\$
26.2 Preferred stocks	\$	\$	\$
26.3 Totals	\$	\$	\$

26.4 Describe the sources or methods utilized in determining the fair values:
.....
.....

27.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes (X) No ()

27.2 If no, list exceptions:
.....
.....

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

29.1 Amount of payments for legal expenses, if any? \$

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes () No (X)

1.2

If yes, indicate premium earned on U.S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding:

.....
.....

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Line (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

1.62

Total incurred claims

\$

1.63

Number of covered lives

.....

All years prior to most current three years:

1.64

Total premium earned

\$

1.65

Total incurred claims

\$

1.66

Number of covered lives

.....

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

1.72

Total incurred claims

\$

1.73

Number of covered lives

.....

All years prior to most current three years:

1.74

Total premium earned

\$

1.75

Total incurred claims

\$

1.76

Number of covered lives

.....

2. Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

\$

2.2

Premium Denominator

\$

\$

2.3

Premium Ratio (Line 2.1/Line 2.2)

.....

.....

2.4

Reserve Numerator

\$

\$

2.5

Reserve Denominator

\$

\$

2.6

Reserve Ratio (Line 2.4/Line 2.5)

.....

.....

3.1

Does the reporting entity issue both participating and non-participating policies?

Yes () No (X)

3.2

If yes, state the amount of calendar year premiums written on:

3.21

Participating

\$

3.22

Non-participating policies

\$

4.

For Mutual Reporting Entities and Reciprocal Exchange only:

4.1

Does the reporting entity issue assessable policies?

Yes () No ()

4.2

Does the reporting entity issue non-assessable policies?

Yes () No ()

4.3

If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

..... %

4.4

Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

\$

5.

For Reciprocal Exchanges only:

5.1

Does the exchange appoint local agents?

Yes () No ()

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

Yes () No () N/A (X)

5.22

As a direct expense of the exchange

Yes () No () N/A (X)

5.3

What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

.....
.....

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

Yes () No ()

5.5

If yes, give full information.

.....
.....

17

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?

N/A

6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

No policies in force

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?

No policies in force

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes () No (X)

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.

No policies in force

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurers's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

Yes () No (X)

7.2

If yes, indicate the number of reinsurance contracts containing such provisions.

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes () No (X)

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

Yes () No (X)

8.2

If yes, give full information.

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

Yes () No (X)

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates.

Yes () No (X)

9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4

Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes () No (X)

9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original reporting entity would have been required to charge had it retained the risks. Has this been done?

Yes () No () N/A (X)

11.1

Has this reporting entity guaranteed policies issued by any other entity and now in force?

Yes () No (X)

11.2

If yes, give full information.

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11

Unpaid losses

\$

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

12.2

Of the amount on Line 13.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds:

\$

12.3

If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

Yes () No () N/A (X)

12.4

If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41

From

%

12.42

To

%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes () No (X)

12.6

If yes, state the amount thereof at December 31 of the current year:

12.61

Letters of credit

\$

12.62

Collateral and other funds

\$

13.1

What amount of installment notes is owned and now held by the reporting entity?

\$

13.2

Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?

Yes () No (X)

13.3

If yes, what amount?

\$

14.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$

14.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes () No (X)

14.3

State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

15.1

Is the company a cedant in a multiple cedant reinsurance contract?

Yes () No (X)

15.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:

15.3

If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes () No (X)

15.4

If the answer to 15.3 is no, are the methods described in 15.2 entirely contained in written agreements?

Yes () No (X)

15.5

If the answer to 15.4 is no, please explain:

16.1

Has the reporting entity guaranteed any financed premium accounts?

Yes () No (X)

16.2

If yes, give full information.

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

17.1 Does the reporting entity write any warranty business? Yes () No (X)

If yes, disclose the following information for each of the following types of warranty coverage:

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
17.11 Home	\$	\$	\$	\$	\$
17.12 Products	\$	\$	\$	\$	\$
17.13 Automobile	\$	\$	\$	\$	\$
17.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage:
.....
.....

18.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes () No (X)

Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F - Part 5.
Provide the following information for this exemption:

18.11	Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$
18.12	Unfunded portion of Interrogatory 18.11	\$
18.13	Paid losses and loss adjustment expenses portion of Interrogatory 18.11	\$
18.14	Case reserves portion of Interrogatory 18.11	\$
18.15	Incurred but not reported portion of Interrogatory 18.11	\$
18.16	Unearned premium portion of Interrogatory 18.11	\$
18.17	Contingent commission portion of Interrogatory 18.11	\$

Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.

18.18	Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$
18.19	Unfunded portion of Interrogatory 18.18	\$
18.20	Paid losses and loss adjustment expenses portion of Interrogatory 18.18	\$
18.21	Case reserves portion of Interrogatory 18.18	\$
18.22	Incurred but not reported portion of Interrogatory 18.18	\$
18.23	Unearned premium portion of Interrogatory 18.18	\$
18.24	Contingent commission portion of Interrogatory 18.18	\$

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only , no cents; show percentages to one decimal place , i.e. 17.6.

	1 2005	2 2004	3 2003	4 2002	5 2001
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)					
5. Nonproportional reinsurance lines (Lines 30, 31 and 32)					
6. Total (Line 34)					
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)					
11. Nonproportional reinsurance lines (Line 30, 31 and 32)					
12. Total (Line 34)					
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)					
14. Net investment gain (loss) (Line 11)	5,238				
15. Total other income (Line 15)					
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)					
18. Net income (Line 20)	5,238				
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Column 3)	3,505,238				
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 13.1)					
20.2 Deferred and not yet due (Line 13.2)					
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)					
22. Losses (Page 3, Line 1 and Line 2)					
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Line 28 and Line 29)	3,500,000				
26. Surplus as regards policyholders (Page 3, Line 35)	3,505,238				
Risk-Based Capital Analysis					
27. Total adjusted capital	10,516				
28. Authorized control level risk-based capital	5,258				
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 10, Column 3) x 100.0					
29. Bonds (Line 1)					
30. Stocks (Line 2.1 and Line 2.2)					
31. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
32. Real estate (Lines 4.1, 4.2 and 4.3)					
33. Cash, cash equivalents and short-term investments (Line 5)	100.0				
34. Contact loans (Line 6)				X X X	X X X
35. Other invested assets (Line 7)					
36. Receivables for securities (Line 8)					
37. Aggregate write-ins for invested assets (Line 9)					
38. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds (Schedule D, Summary, Line 25, Column 1)					
40. Affiliated preferred stocks (Schedule D, Summary, Line 39, Column 1)					
41. Affiliated common stocks (Schedule D, Summary, Line 53, Column 2)					
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Column 5 Line 11)					
43. Affiliated mortgage loans on real estate					
44. All other affiliated					
45. Total of above Line 39 through Line 44					
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Column 1, Line 35 x 100.0)					

FIVE-YEAR HISTORICAL DATA
(Continued)

	1 2005	2 2004	3 2003	4 2002	5 2001
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24)					
48. Dividends to stockholders (Line 35)					
49. Change in surplus as regards policyholders for the year (Line 38)	3,505,238				
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)					
51. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)					
54. Nonproportional reinsurance lines (Lines 30, 31, and 32)					
55. Total (Line 34)					
Net Losses Paid (Page 9, Part 2, Column 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)					
57. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)					
60. Nonproportional reinsurance lines (Lines 30, 31, and 32)					
61. Total (Line 34)					
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)					
64. Loss expenses incurred (Line 3)					
65. Other underwriting expenses incurred (Line 4)					
66. Net underwriting gain (loss) (Line 8)					
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 34 x 100.0)					
68. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0)					
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 34 divided by Page 3, Line 35, Column 1 x 100.0)					
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11)					
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Column 1 x 100.0)					
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12)					
73. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Column 2 x 100.0)					

Page 22

Sch. D, Summary by Country
NONE

Sch. D, Verification Between Years
NONE

Page 45

Sch. P, Pt. 1, Summary
NONE

Page 46

Sch. P, Pt. 2, Summary
NONE

Sch. P, Pt. 3, Summary
NONE

Sch. P, Pt. 4, Summary
NONE

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**
PART 1 - ORGANIZATIONAL CHART

**BLACKSTONE FINANCIAL GROUP, INC OWNS 100% OF THE STOCK OF PAWTUCKET
INSURANCE COMPANY (FEIN 05-0197250, NAIC #14931, RI) AND ALSO OWNS 100%
OF THE STOCK OF NARRAGANSETT BAY INSURANCE COMPANY (FEIN 05-0394576,
NAIC #43001, RI)**